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INTELLIGENCE MEMORANDUM

IMPLICATIONS OF CHINESE COMMUNIST OFFICIAL ESTIMATES OF INDUSTRIAL AND AGRICULTURAL PRODUCTION 1954

CIA/RR IM-403

1 November 1954

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(ORR Project 10.590)

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IMPLICATIONS OF CHINESE COMMUNIST OFFICIAL ESTIMATES
OF INDUSTRIAL AND AGRICULTURAL PRODUCTION*
1954

Summary

For the first time since 1950 an official statement has been issued from Communist China giving absolute figures of production. Although these 1954 production figures on eight important commodities may not be a representative sample of total industrial production, they do indicate that rapid progress has been made in increasing production of the basic materials for industrialization. The rate of growth in these industries if continued is at least sufficient to enable the achievement of the Five Year Plan goals for 1957 of these particular industries. Taken in conjunction with other data of industrial and agricultural output, the new data suggest that industrial growth is advancing rapidly enough to realize a doubling of industrial output for 1957 over 1952 but that the Communist regime has failed to realize planned increases in agricultural output. The agricultural data reflect a net decrease in the per capita availability of food for 1953 and 1954 compared with 1952 and a relatively declining capability of the agricultural sector to support further increases in the rate of investment in industry. The rate of increase of value added in both agriculture and industry appears to be sufficient -- if maintained -- to enable an increase of 25 percent in the gross national product by 1957 over 1952.

1. General Implications of Announced Production Figures.

Chou En-lai, Premier of Communist China, in his "Report on the Work of the Government" at the first session of the First National People's Congress on 23 September 1954, reported, among other things,

* The estimates and conclusions contained in this memorandum represent the best judgment of the responsible analyst as of 18 October 1954.

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on Communist China's progress in industrial and agricultural production. Departing from established precedents, Chou announced the absolute figures of production goals for 1954 of eight important industrial products with the rates of increase over 1949. The figures in some cases substantiate estimates previously made in the US intelligence community and in other cases indicate that the Chinese Communists have made relatively greater industrial progress than had been estimated. The rates of increase of industrial production indicate that the Chinese Communists are attaining at least the rates of growth necessary to realize their Five Year Plan goals of industrial expansion. Chou's statements regarding conditions in agriculture, on the other hand, indicate that agricultural production is falling behind the rate of growth which was considered necessary for the realization of Communist China's over-all goals for economic development and that "temporary hardships and inconveniences" may have to be borne by the people during the period of heavy industrial development. Chou quotes as the first of the guiding principles of the Five Year Plan the following: "To concentrate our main efforts on the development of heavy industry so as to lay a foundation for the industrialization of the country and the modernization of national defense."

In respect to industrial production for 1954, Chou states as follows: "From the estimates of the output of several leading industrial products for 1954 compared with 1949, we can see the following impressive figures: electric power, 10.8 billion kilowatt-hours (kwh) -- 2.5 times 1949; coal, 81,990,000 tons* -- 2.6 times 1949; pig iron, 3,030,000 tons -- 12.4 times 1949; steel, 2,170,000 tons -- 13.7 times 1949; metalworking machines, 13,513 units -- 8.5 times 1949; cement, 4,730,000 tons -- 7.2 times 1949; cotton yarn, 4,600,000 bales -- 2.6 times 1949; and machine-made paper, 480,000 tons -- 4.5 times 1949." Chou's announcement thus removes the ambiguity which prevailed in regard to the 1949 bases -- which had been announced heretofore in terms of percentages of previous peak production -- and indicates that the previous peak figures were actual peaks rather than arbitrary figures that would distort the whole statistical series. The official reports of the State Statistical Bureau covering Communist China's economic progress from 1949 through 1953 provide the indexes by which production figures from 1949 through 1954 can be established for the eight commodities reported by Chou En-lai.

* Throughout this memorandum, tonnages are given in metric tons.

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Although the possibility exists that the Chinese Communist leaders may deliberately try to deceive the outside world concerning progress in the development of their economy, the limited experience with their statistics thus far indicates that their officially announced statistical series are accepted in correspondence with Moscow, that these are identical with those published in both Chinese Communist and Soviet official journals, and that the official reports of Chinese Communist leaders and of the State Statistical Bureau concerning records and goals of production are used by the regime for economic planning purposes. The only area in which departures from statistical accuracy appear to have been condoned is agricultural production, where official statements of agricultural production are inconsistent both internally and with observations and analyses of qualified Western observers. Such departures from reality are believed to be condoned in order to justify the regime's policies in respect to taxation and procurement of grain, cotton, vegetable oils, and other agricultural products. These policies are directed toward the allocation of resources from agriculture to exports and industrial investment. The Chinese Communist regime points to its achievements and plans in industrial expansion as reasons for its policies in respect to agriculture.

The imperfection of statistical reporting on the part of government departments and industries has been noted in annual reports by the State Statistical Bureau as contributing to its difficulties in presenting the audited figures of production performance by the various economic sectors and industries. Necessary corrections of errors are said to be made before the Bureau's annual reports are issued.

A greater possibility of inaccuracy in the production figures for 1954 as announced by Chou lies largely in the fact that they are goals yet to be achieved. Many unfavorable contingencies affecting production may not have been sufficiently taken into account in estimating total production for 1954 -- for example, the widespread floods may affect mining operations, transportation of raw materials, and allocation of resources for competing needs of flood relief and industrial requirements. Although some of the goals for 1954 announced by Chou may not be achieved for ex post facto reasons, the past record and present program of industrial construction and renovation projects would appear to render most of the goals possible of achievement in the absence of unforeseen contingencies.

The table that follows* shows the production at the past peak, for 1949 (base year), for 1950 through 1953, and the production goals for 1954 as announced by Chou.

* P. 5, below.

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2. Industrial Production.

As will be observed from the table, industrial production in 1952 had generally reached or surpassed the highest production attained under the Nationalist and Japanese governments, as had previously been claimed by the Communists. Only coal and pig iron, among the eight commodities shown in the table, still fell short of their previous peaks by 1952. It will also be observed that electric power and cement were first among the basic materials for industrialization to reach their peaks -- in 1951. This pattern of development is in accordance with the normal requirements of any rational plan for rapid industrialization of a backward economy. The progress through 1953 is generally consistent with the aims of similar programs which have been carried out under US Marshall Plan aid to European countries and technical aid to underdeveloped countries of the Far East.

a. Electric Power.

The most significant feature in the expansion of Communist China's electric power industry is the replacement of capacity which was lost by Soviet removals of generators from Manchuria in 1946 and the further improvement of production there as compared with China proper. Total production of 4.3 billion kwh of electric power in Communist China in 1949 was divided roughly in the proportions of 2.6 billion kwh, or 60.5 percent, in China proper and 1.7 billion kwh, or 39.5 percent, in Manchuria. By 1952 the proportions were 3 billion kwh, or 42.3 percent, in China proper and 4.1 billion kwh, or 57.7 percent, in Manchuria. By 1954, projected increases of production in both areas had significantly changed the absolute and relative proportions to 6.2 billion kwh, or 57.4 percent, in Manchuria and 4.6 billion kwh, or 42.6 percent, for China proper, for a total of 10.8 billion kwh.* The over-all rate of growth in power production in 1953 was 26 percent over 1952, and production in 1954 is projected at 21 percent over 1953. The rate of growth projected in the Five Year Plan for 1957 over 1952 is 100 percent, or roughly 15 percent compounded annually. It is apparent that the State Statistical Bureau's recorded performance in respect to increased electric power production in 1953 and Chou's goal for 1954 indicate an achievement better than the annual compound rate required to achieve the Five Year Plan goal.

* Intelligence reports of repatriates and others substantiate the relative increases in production in Manchuria and China proper resulting from restoration and installation of equipment. These developments have been discussed in published intelligence studies. 1/ (Footnote references in arabic numerals are to sources listed in the Appendix.)

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Production of Selected Commodities in Communist China
as Based on Chou En-Lai's Speech
Past Peak and 1949-54

Commodity	Unit	1949				1950				1951				1952				1953				1954			
		Peak	Percent of Past Peak %	Quantity	Base Year of Index	Peak %	Quantity	Percent of 1949 %	Year-ly Increase %	Peak %	Quantity	Percent of 1949 %	Year-ly Increase %	Peak %	Quantity	Percent of 1949 %	Year-ly Increase %	Peak %	Quantity	Percent of 1949 %	Year-ly Increase %	Peak %	Quantity	Percent of 1949 %	Year-ly Increase %
Electric Power	Billion KWH	5.98	72.3	4.32	100	77	4.58	106	6	97	5.79	134	26	118	7.08	164	22	149	8.93	207	26	181	10.80	290	21
Coal	Million MT	70.86	44.5	31.53	100	59	41.63	132	32	73	51.72	164	24	90	63.70	202	23	98	69.43	220	9	116	81.99	260	18
Pig Iron	Million MT	2.24	10.9	0.24	100	43	0.96	394	294	65	1.46	597	52	83	1.87	764	28	99	2.22	908	19	135	3.03	1,240	36
Steel Ingots	Million MT	1.00	15.8	0.16	100	60	0.61	383	283	89	0.90	566	48	134	1.34	846	49	176	1.76	1,108	31	216	2.17	1,370	23
Metal-working Machines	Units	g/		1,590	100		3,180	200	100		5,756	362	81		10,335	650	80						13,513 g/	850	
Cement	Million MT	2.13	30.9	0.66	100	66	1.40	213	113	116	2.47	376	76	133	2.84	433	15	180	3.84	594	35	222	4.73	720	23
Cotton Yarn	Million Bales	2.44	72.4	1.77	100	97	2.37	134	34	108	2.64	149	11	146	3.56	201	35	165	4.02	227	13	189	4.60	260	14
Paper	Thousand MT	119.2	89.5	106.7	100	116	138.7	130	30	200	237.9	223	72	297	354.1	332	49	342	407.3	382	15	403	480.0	450	18

a. Percentages of past peak in this table are derived from the quantity figures, which were extended from the State Statistical Bureau's indexes.
b. Yearly percentage increases through 1953 in this table are either quoted directly by the State Statistical Bureau or derived from its indexes of production.
c. Yearly percentage increases in 1954 are derived from the absolute figures given by Chou in comparison with 1953 production.
d. Chinese Communist official reports did not cover the category of "metal-working machines" before Chou's statement of 23 September 1954. Before 1953, the category covered by the State Statistical Bureau's reports was "metal-cutting machine tools." The series given in this table for "metal-working machines" is therefore probably a slightly inflated estimate. See footnote e, below, and page 8, below.
e. Chou's increase of 8.5 times over 1949 for metalworking machines derives a figure of 1,590 units for 1949 production of metalworking machines. Within this category are machine tools of an unspecified number.

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b. Coal.

Communist China's resources of coal are more than ample for its planned industrial expansion. Chou En-lai's statement that coal production in 1954 is at the rate of 81,990,000 tons, or 2.6 times the 1949 figure, indicates that production in the base year was 31.5 million tons. The State Statistical Bureau's reports of increases of production indicate that past peak production was not quite reached in 1953 and was only to be surpassed in 1954 by an increase of 15.7 percent over past peak and 18 percent over 1953. The apparent reason for failure to reach past peak production previously is that production was sufficient for requirements and no greater production was planned. Production goals for the most part were reached in each year since 1949, and exports of coal have been less by about 4 million tons than at the time of peak production in pre-Communist years. The rate of increase of production of coal shown in the above table is otherwise generally in line with the rates of growth of the principal coal-consuming industries and with reported household uses of coal. Present indications are that stockpiles of coal have been accumulated both at the major consuming centers and above ground at the mines. 9/ The supply of coal is therefore more than adequate for industrial and household requirements, and the problem faced by the regime is rather one of developing further industrial uses of coal. The 18-percent rate of increase of production projected for 1954, which is in line with the rates of expansion of other industries, still leaves unanswered the question of why the regime should plan to accumulate stockpiles of coal. The rate of increase of production in 1953 over 1952 and the rate projected in 1954 over 1953 indicate that, if similar rates are maintained through 1957, the Five Year Plan increase of 60 percent over 1952 will be more than achieved.

c. Pig Iron.

Chou En-lai's statement of the 1954 rate of production of pig iron and the increase thereof over 1949 indicates that 1949 production was 244,000 tons. The State Statistical Bureau's reports of increases of production over the 1949 base show that production was 1,870,000 tons in 1952 and 2,220,000 tons in 1953. The increase of production in 1953 was 19 percent over 1952 and the goal for 1954 is 36 percent, or about 800,000 tons, over 1953. The 1954 rate of increase does not seem unreasonable in view of the confirmed reports of completed renovation and installation of capacity, particularly

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at An-shan, Shih-ching-shan, T'ang-shan, and Ta-yeh. The rates of increase in 1953 and 1954 indicate that the increase in pig iron production by 1957 will keep pace with the Five Year Plan projected increase of steel production of 4 to 4.5 times 1952 production, which would mean 7,480,000 to 8,400,000 tons of pig iron. Communist China would at least be able approximately to equal 1932 Soviet production of 6.2 million tons, which Chinese Communist leaders have expressed to be their general Five Year Plan goal.

d. Steel.

The announced 1954 production goal for steel and the rate of increase over 1949 production, together with the State Statistical Bureau's reports of increases through 1953, fix 158,000 tons as the 1949 base figure and 1,340,000 tons and 1,760,000 tons, respectively, as the 1952 and 1953 production. The 1952 figure of 1,340,000 tons, in the light of the October 1953 Mukden Industrial Exhibition's posted indexes of production, as observed by visiting Western diplomats, suggests that about 900,000 tons were produced in Manchuria and about 440,000 tons in China proper. This would indicate that progress in bringing new capacity into production at Shih-ching-shan, T'ai-yuan, T'ang-shan, and Chungking was relatively more rapid than had been estimated and that this additional capacity must have accounted for 50,000 to 70,000 tons of the increased production in China proper in 1952. The over-all rates of increase of production are not otherwise unreasonable, and the rates of increase for 1953 over 1952 and projected for 1954 over 1953 (19 percent and 36 percent, respectively) reveal that the required rates of growth for steel production in order to achieve the Five Year Plan goal of 4 to 4.5 times over 1952 are apparently being attained. The Chinese Communists' expressed Five Year Plan intention of equalling the 1932 Soviet production of 5.9 million tons of crude steel would thus be capable of realization.

e. Metalworking Machines.

Although it is difficult to determine the meaningful content of Chou En-lai's figures on production of "metalworking machines" because of the uncertainty of the correlation of this term with Western usage, it is tentatively suggested that the term may correspond approximately with the classification used in the US to include two main types: (1) machine tools (machines which shape metal by cutting) and (2) metal-forming machines (machines which shape metal by pressure). The grouping of presses of unknown size

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with various sizes of metal-cutting machines and tools makes the statistical category of metalworking machines useless for purposes of comparison, especially because of the previous lack of productive capacity for the larger types of presses in China. It has been estimated that the production of metal-cutting machine tools would reach 10,100 units by 1954 compared with 6,800 in 1952 and 8,300 in 1953. The rate of increase for this subcategory of metalworking machines would therefore be about 20 percent per year. The previously stated 1957 goal for metal-cutting machines was 3.5 times the 1952 figure. If the estimated rate of increase of production of metal-cutting machines from 1952 to 1954 is applied both to metal-cutting machines and metal-forming machines in yearly increases through 1957, the Five Year Plan of an increase of 3.5 times over 1952 production will be more than attained.

f. Cement.

Cement production in Communist China in 1949, according to Chou En-lai's announcement, totalled 660,000 tons. The October 1953 Mukden Industrial Exhibition's posted indexes of Manchurian production showed that 1949 production was divided between Manchuria and China proper roughly in the amounts of 340,000 tons and 320,000 tons, respectively. The State Statistical Bureau's reports of increases in production indicate that total production in 1952 reached 2,845,000 tons, 133 percent of the past peak or 433 percent of the 1949 base. The October 1953 Manchurian indexes show that 1952 production consisted of 1,330,000 tons in Manchuria and 1,510,000 tons in China proper. The State Statistical Bureau's report for 1953 and Chou's 1954 figure indicate that production increases in 1953 (1 million tons) and planned increases for 1954 (900,000 tons) are 35 percent and 23 percent, respectively, over the preceding year.

The cement figures appear to be reasonable from the point of view of Communist China's requirements for cement, although direct evidence based on production of known cement plants cannot account for such rapid increases. It is logical to expect, however, that cement production would receive a very high priority in the early stages of a program of rapid industrial expansion, and the spottiness of information received from Communist China suggests the possibility that cement plants have been built or expanded without our knowledge.

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g. Cotton Yarn.

Chou En-lai's announced production goal of 4.6 million bales of cotton yarn for 1954, which is 2.6 times production in 1949, is approximately the rate of growth which had been estimated for this industry. The rates of increase in cotton yarn production in 1953 and 1954 -- 13 and 14 percent, respectively -- if maintained through 1957 would enable the Chinese Communists nearly to double their 1952 production by 1957. This would be in line with the estimated possible increase in indigenous cotton production.

h. Paper.

Chou En-lai's announced increase of paper production from 107,000 tcns in 1949 by 4.5 times to 480,000 tons in 1954, is in line with previous Chinese Nationalist and Japanese plans for the increase of productive capacity and with previous estimates of probable increases of production of this commodity. Ample indigenous supplies are available as raw materials, including rice stalks which have long been used in native manufacture of poor-quality paper. The rates of increase of 15 percent in 1953 over 1952 and 18 percent in 1954 over 1953, if maintained through 1957, would enable at least the approximate doubling of production of paper in 1957 over 1952.

3. Agricultural Production.

Chou En-lai stated: "Production of grains of cotton during 1952 has shown a remarkable increase, which surpassed the highest annual production record prior to the liberation. Because of the comparative seriousness of the natural calamities in 1953, agricultural production plans were not fulfilled, but the output of grain during that year was still higher than that of 1952 and the output of cotton also surpassed the preliberation record. As for the current year, because of the serious flood disaster, in areas along the Yangtze and the Huai Rivers, agricultural production plans cannot be fulfilled. However, this shortcoming has been eliminated by the bumper harvest of wheat crops during the summer, and a bumper harvest of autumn crops is expected. Therefore, grain and cotton production this year will still surpass that of 1953. The production of grain is expected to increase 1.5 times and cotton 2.8 times over that of 1949."

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Crop estimates, which are made in August of spring grain and summer crops, are usually modified in September -- often by as much as 10 percent -- and modified again after harvest returns are reported -- also sometimes by as much as 10 percent. Presumably, Chou's grain and cotton estimates were based on September information, the tenor of which may have been influenced by persistent hopes of sufficient returns from agriculture to support without strain the regime's industrial expansion program. The returns of the winter crop harvest were already in, indicating, according to Western analysts, an increase from 38 million tons in 1952-53 to 41 million tons in 1953-54 of winter crops.* On the other hand, the Communists had already admitted that the Yangtze and Huai River floods had affected about 6 percent of the total cultivated area. Western observers estimate that the flood damage may reduce total food production by as much as 9 million to 12 million tons, or 8 to 9 percent of 1953 production. Thus, on the basis of the Communists' own statements, the flood damage probably more than offsets the increased yields of winter food crops even allowing for their probable underestimation of the areas affected by floods. It is thus questionable that the regime's efforts to increase production of fall crops in areas not affected by floods can make up for deficiencies in the flooded areas. This assessment pertains as well to cotton, of which some of the most productive areas normally are those parts of Honan, Kiangsu, Anhwei, and Hupeh which are within the flooded area.

On the basis of Chou's rates of increase and the official State Statistical Bureau's report of grain production, Chou's figure of an increase in 1954 of 1.5 times the 1949 production, multiplied by the 1949 production of 110 million tons,** gives exactly the amount of 165 million metric tons of grain produced in 1953. It would thus appear that the regime does not actually expect to achieve an increase of grain production in 1954, despite Chou's

* These consist of wheat, barley, oats, field peas, broad beans, and rapeseed, which ordinarily constitute from 20 to 25 percent of Communist China's food production.

** 110 million tons was the highest derived estimate of grain production in 1949 based on percentage figures issued by the Peiping Ministry of Agriculture in 1950.

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statement to the contrary. As for cotton, the State Statistical Bureau reported that the 1952 cotton production was 1,290,000 tons, or 291 percent of 1949 production, and quoted cotton production in 1953 as 1.1 million tons. The derived 1949 production was thus 443,000 tons, which, multiplied by Chou's stated increase of 2.8 times, gives 1,240,000 tons for the estimated 1954 production.* Thus the cotton yield is anticipated to be slightly higher than 1953 but lower than 1952. As stated above, the effects of the floods may prevent the realization of even this slight increase of cotton yield.

It is apparent from the foregoing that the Chinese Communists are falling far behind in their program for increasing agricultural production and that, in order to allocate the necessary resources from agriculture to support their program of investment and expansion in modern industry, increasingly stringent pressure must be brought to bear on the peasants to deliver their crops into state control and on both the rural and the urban population to limit consumption. Especially in 1954 and early 1955 the shortfall in agricultural production relative to planned increases will test the regime's ability to extract the planned amounts of agricultural resources for distribution, through government trading organizations, to urban consumers and for allocation to the industrial investment program. The statement of Chen Yun, Chairman of the Committee on Finance and Economics, on 23 September 1954, concerning the state's purchase and rationing policies in respect to grain, vegetable oils, cotton yarn, and cloth indicated that both purchase and rationing will be enforced more strictly throughout the country to support the state's industrialization and export programs. 10/

4. Industrial and Agricultural Growth.

Chou En-lai's statements concerning industrial production increases in 1954 over 1949 provide only a small sample of the modern industrial sector -- perhaps too small to form the basis of general conclusions as to Communist China's over-all industrial

* A percentage figure issued by the Ministry of Agriculture in 1950 indicated that its estimate of 1949 cotton production was 460,000 tons, which, multiplied by Chou's stated increase of 2.8 times, gives his estimated 1954 production as 1,288,000 tons of cotton.

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growth. It is therefore of interest to examine Chou's other more general statements of industrial growth in relation to statistical indexes given in communiques of the State Statistical Bureau and annual reports of the Minister of Finance to see if they support the indications of growth shown in the industrial sample already considered. It is also important to observe the implications of the failure of the agriculture sector to expand in accordance with Chinese Communist plans in relationship to the rate of industrial growth and over-all economic growth as reflected in statistical statements of Chinese Communist authorities.

Chou's speech states that modern industrial output in 1954 will be 4.2 times that of 1949. An average rate of increase in total industrial output of 36.9 percent is claimed from 1949 to 1952. Chou's statements concerning the average rate of increase in total industrial output (including handicraft production), his statements concerning the proportions of consumer goods and producer goods in total industrial output and the increase therein from 1949 to 1954, and the reports of the State Statistical Bureau concerning the value of output of the various categories of industry, when taken in conjunction, yield the following statistical series of total industrial output:

Total Industrial Output (Including Handicraft)

	(1952 = 100)					
	<u>1949</u>	<u>1950</u>	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>
Index	39	61	78	100	130	150
Percent Increase over Previous Year		56	27	28	30	15

Chou's statements on output of grain, mentioned above, taken in conjunction with statistical reports of the State Statistical Bureau and the Minister of Finance concerning agricultural production, yield the following rough index of agricultural output:

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Total Agricultural Output

	(1952 = 100)					
	<u>1949</u>	<u>1950</u>	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>
Index	69	81	88	100	101	101
Percent Increase over Previous Year		17	9	14	1	0

An approximation of the changes in the contribution of agriculture and industry to gross national product (GNP) implied by these two output series is tabulated below. It is based on the proportion of agricultural to total agricultural and industrial output of 59 percent in 1952.* The average percentage of value added in gross value of production for agriculture is estimated to be 85 percent, and the average percentage of value added in gross value of industrial output is estimated to be 35 percent.

Value Added for Agriculture and Industry

	(1952 = 100)					
	<u>1949</u>	<u>1950</u>	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>
Index	62	77	86	100	107	112
Percent Annual Increase		24	12	16	7	5

Important sectors of the total GNP are missing in the Communist statements, particularly the government sector where large increases have taken place. However, the above series is representative of about three-quarters of total national output when trade and transportation are included. The years from 1949 to 1952 constitute a period of rapid growth reflecting the period of restored production.

* This is derived from the State Statistical Bureau's statement of 54 percent for this proportion in 1953.

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Output in 1953 represents a significant increase of 7 percent over 1952, but the rate of increase declines in 1954 to 5 percent. The agricultural series reflects a net decrease in per capita availability of food for 1953 and 1954 compared with 1952 and a relatively declining capability to support further increases in the rate of investment in industry. The rate of increase of industrial output in 1954 is still sufficient to enable a doubling of industrial output by 1957 over 1952. The rate of increase of value added in both agriculture and industry is also sufficient -- if maintained -- to enable an increase of 25 percent in GNP over 1952.

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APPENDIX

SOURCES

Evaluations, following the classification entry and designated "Eval.," have the following significance:

<u>Source of Information</u>	<u>Information</u>
Doc. - Documentary	1 - Confirmed by other sources
A - Completely reliable	2 - Probably true
B - Usually reliable	3 - Possibly true
C - Fairly reliable	4 - Doubtful
D - Not usually reliable	5 - Probably false
E - Not reliable	6 - Cannot be judged
F - Not reliable	
G - Cannot be judged	

"Documentary" refers to original documents of foreign governments and organizations; copies or translations of such documents by a staff officer; or information extracted from such documents by a staff officer, all of which may carry the field evaluation "Documentary."

Evaluations not otherwise designated are those appearing on the cited document; those designated "RR" are by the author of this report. No "RR" evaluation is given when the author agrees with the evaluation on the cited document.

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1. CIA/RR PR-39, The Electric Power Industry in Manchuria, 27 Nov 1953. S.
 2. CIA/RR PR-86, Electric Power in China Proper (To be published). S.
 2. Li Fu-chun, The Present Situation of China's Industries and the Direction of Our Future Work, 31 Oct 1951. U. Eval. Doc.

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3. State, Hong Kong, CB No. 262, 1 Oct 1953. U. Eval. Doc.

4. Ibid.

5. 25X1A8a0

6. [REDACTED]

7. [REDACTED]

8. Ibid.

25X1A2g

9. [REDACTED]

AF'GIN, BOKU (MUTSU) Report No. 8, 1953. C. Eval. RR 2.

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25X1A8a0 10. [REDACTED]

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